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SUBJECT: IAEA/MARCH BOARD: DG ELECTION SET FOR MARCH 26-27

REF: A) 08UNVIE 643 B) UNVIE 10

Classified By: Ambassador Gregory L. Schulte for reasons 1.4 b and d

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Summary  
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1, (S) Board Chair Taos Feroukhi reported to the March Board of Governors a on the results of her consultations with Board members on the candidates for Director General and set the date for a Special Session to conduct an election on March 26-27. She explained that the date was a compromise between those (supporters of Japanese Governor Amano) who sought an earlier date and those (supporters of South African Governor Minty) who sought deferral until June. Conducting the vote in March would allow for sufficient time for new nominations if the Board is deadlocked with neither of the two candidates able to secure a two-thirds majority. Amano is close to two-thirds but needs to sway a few of the officially undecided votes (which may include Mexico, Russia, China and Saudi Arabia) to clinch the election. The two candidates gave stump speeches to the Board, similar to their previous pronouncements (refs a-b). Amano presented himself as a good manager while Minty was more visionary and more inclined to entertain a "political" role for the Director General. Neither performance was likely to have swayed any votes and the candidates entertained a few questions.

12. (C) The Board also had an initial discussion of term limits for the Director General, an item considered at the request of the EU, U.S. and primarily like-minded countries, with a view to adoption of term limits upon the appointment of the next Director General. The G-77 had not formulated a position on the issue but the NAM argued that it should be dealt with comprehensively along with other management improvements undertaken by UN agencies and considered in the context of the Future of the Agency debate, thus deferring the issue. Russia expressed surprising and unhelpful opposition to term limits at the IAEA, arguing that this was a "unique" agency unlike the rest of the UN system. The Russian Governor privately explained that its opposition was a "political" decision made in Moscow, where term limits were seen as critical of previous DGs. As a next step, the Secretariat will prepare a non-paper on procedural mechanisms to institute term limits. The April Programme and Budget Committee will also consider the "Terms and Conditions of the Appointment of the Director General." End Summary.

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Election Date Set  
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13. (SBU) Board Chair Taos Feroukhi reported on the results of her informal consultations with Board members at the March Board of Governors meeting. Pursuant to the Rules of Procedure for Appointment of the Director General, the Chair conducted consultations, held between January 20 and the end

of February, with a view to consensus. It became clear, however, that neither of the two candidates, Japanese Governor Amano or South African Governor Minty, enjoyed consensus and that she must therefore organize a vote to allow for appointment of the DG by the June deadline stipulated in the Rules of Procedure.

14. (SBU) The Board Chair announced that an election would be held during a Special Session on March 26-27, a date which she stressed was "not arbitrary" and took account of several factors: the request by several Board members for an early election during the March Board session; the request by others for more time to prepare, and the responsibility of the Chair to ensure a "smooth outcome" in the event of deadlock in the first round, i.e. if the Board does not accord a two-thirds majority to either candidate, to allow for a new call for nominations. Feroukhi noted that she had consulted in particular with those who had requested deferral of the election to a later date (i.e. Cuba, Egypt and South Africa) and to those who were undecided. She informed the Board that the date of March 26-27 had been accepted by all and that the "undecided" members said they would be ready to take part. The Chair expressed appreciation to both candidates for their cooperation and announced that Finland and the Philippines would act as the "assessors" during the balloting.

15. (SBU) The Board Chair outlined the details of the balloting procedure. The Special Session, open only to the 35 Board of Governors states, would convene on the morning of March 26, when three rounds of voting would be conducted, unless one of the two candidates secures two-thirds of the vote in round one or two. If three rounds of voting produce no two-thirds majority, the meeting would be adjourned until the next day to allow for consultations and time for delegations to seek new instructions. On the morning of the March 27, the "leading candidate" would be the subject of a yes/no/abstention vote. Should the "leading candidate" not win two-thirds of those participating in this up or down vote, the same procedure would be applied to the "second candidate" as outlined in the Rules. (Note: Abstentions do not count. End note.) If a candidate wins two-thirds, the Special Session, then open to all Member States, would reconvene that afternoon to elect the next Director General by acclamation. (Note: The General Conference would approve the appointment in September and the new DG takes office December 1. End Note).

16. (S) At the conclusion of the agenda item on Appointment of the DG, the Board Chair gavelled through the March 26-27 date with no objection. By our estimations, Amano is close to securing a two-thirds majority with a handful of "undecided" votes hanging in the balance. Among those mentioned in the Vienna corridors as being officially undecided are Mexico, Saudi Arabia, Russia and China. There are rumblings that Russia and China are leaning in Minty's favor. Given that this is a secret ballot, Amano would need to secure as many of the undecided as possible to allow a sufficient margin of 24 votes out of the 35-member Board (assuming no abstentions.)

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Amano and Minty Campaign Speeches  
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17. (C) The Board Chair invited the two candidates for Director General to address the Board. Amano and Minty each delivered their stump speeches, which tracked with their previously reported remarks to the Western European and Other Group (WEOG) and Geneva Group (refs a-b); full texts emailed to the Department. As in the past, Minty's delivery was more polished than that of Amano; Amano acknowledged during the Q & A that he was a better listener than a public speaker.

18. (SBU) Amano reviewed his basic positions and views on the role of the Director General, which was to serve the fundamental objectives of the Statute as regards non-proliferation and peaceful use of nuclear energy,

including in technical cooperation (TC). Amano reiterated that he would pursue these Statutory functions in a "balanced manner." He reaffirmed his solid commitment to disarmament, borne of Japan's history, and to strengthening safeguards, including through universal application of the AP, and noted the "diverse" cases of Iran and the DPRK. He outlined Japan's support for TC and his own experience with nuclear safety after Chernobyl, tse-tse fly and cancer therapy programs. He also offered a welcome call for more attention to non-traditional sources of funding. Speaking to his strengths, Amano underlined the responsibility of the DG for management of the Agency, particularly in light of the financial crisis. Finding the optimal balance between the needs of the Agency and the capacity of member states to contribute would require more efficient use of resources and prioritization. Amano also pledged to improve internal communication within the IAEA and with member states; to recruit the younger generation and women; to take a hands-on approach, for example, through site-visits to nuclear power plants; and to promote science and technology as a key component of all Agency activities. The main objectives of the Agency remained unchanged but needed to be reinvigorated in priority areas including safeguards, nuclear non-power and power applications given the nuclear renaissance, fuel assurances, nuclear safety and preventing nuclear terrorism. Amano concluded by noting that he would not seek a third term, which elicited a series of chuckles from the Board room (as it seemed to presume a second term).

¶9. (SBU) Minty's speech was more political and visionary. He began by noting the fundamental impact of the DG on how the Agency was led, as was exemplified by the integrity, dignity and high standards set by ElBaradei. Minty harkened back to the UN Charter and the commitment to economic and social advancement embodied by Eisenhower's vision of atoms for peace that led to the establishment of the IAEA. He stressed that the Agency was "not an island" in acknowledging the mutually reinforcing roles of disarmament and nonproliferation, but was careful to stipulate that the IAEA was not a forum on disarmament. Among Agency priorities he noted meeting increasing demand for nuclear power in a safe and secure manner and the indispensability of strengthened safeguards. The DG would need to deal proactively with these issues, but this would also require enhancement of nuclear education through TC. On budget issues, he noted "signals" that more resources could be available though he thought zero real growth was a more realistic expectation, and he underlined the need to prevent the collapse of the verification infrastructure of Agency laboratories to ensure an independent capability. He supported integrated safeguards and efficiency improvements such as AIPS and suggested that host-country agreements could be enhanced, i.e., to have Austria in particular bear more cost of hosting the Agency. Minty concluded by addressing the issue of the "political" role of the IAEA, noting that the IAEA was unique among technical agencies in its reporting function to the UN Security Council. This political role should neither be over-emphasized nor ignored, he advised. Noting South Africa's history and neutrality, he saw the role of the IAEA as promoting atoms "only for peace."

¶10. (SBU) Both candidates entertained a few questions, the most extensive of which came from Iran, which asked about regular budget funding for TC, disarmament, and confidentiality of safeguards information, and tried to pigeonhole Amano on why he had cited Iran and the DPRK in the same breath. Both candidates also fielded a question from India on the impact of the financial crisis. Minty noted in this regard that it would be dangerous to cut corners given the IAEA's unique responsibility for safeguards, safety and security. On TC funding, Amano cited the conclusions of a 1996-1997 working group in that an amendment to the Statute would be required to incorporate TC into the regular budget, but he was open to the idea if the Board and member states agreed. Minty noted that he had participated in this working group at the time and that the key was "sufficient, assured, and predictable" funding for TC. Amano noted his bona fides and long experience on disarmament but advised

that the IAEA could and should not replace the Conference on Disarmament or the UNGA First Committee. Both candidates agreed on the need to protect safeguards confidentiality. Minty saw this as a key issue which could affect a country's willingness to share information it would not want released, and postulated that it may require a review of the system and that leaks may also come from Board members. Amano dismissed Iran's question about his reference to Iran and DPRK in his opening remarks, noting that he did not equate the two.

¶11. (SBU) Egypt also asked a provocative question about dealing with political differences among member states, claiming that the Board was divided on every issue. Minty opined that it was not possible for the DG to minimize these differences though he should promote dialogue on issues. He acknowledged polarizing positions on the Board, particularly if certain groups or countries saw particular issues as a litmus test. Amano saw it as a "fact of life" that there are different priorities. He advised that during his campaign he had sought support across regional groups and also noted his Asian cultural proclivity to be a good listener and consensus builder.

¶12. (SBU) Brazil asked about the seven-year maximum rule for Agency staff and how this affected loyalty to the organization, particularly among mid-career staff apt to return to national organizations from which they were recruited. Both candidates evaded the conflict of interest issue. Minty noted that there were many exceptions to this rule, particularly in safeguards, and the need to expand the base of education so no one group monopolizes positions. Amano saw the seven year rule as an opportunity to renew the Agency staff and recruit new skills for new priorities; he noted that Japanese nationals have benefited from a rotations in and out of the IAEA. Finally, France asked about translation of Agency documents into all languages, a question which gave Amano the opportunity to show off his fluent French.

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Term Limits  
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¶13. (SBU) The Board had a preliminary discussion of term limits for the Director General under a separate item. The Board Chair mistakenly introduced this as the initiative of one country (the UK). The EU opening statement, delivered on behalf of the EU and 15 associated countries, clarified that the request for this agenda item had been made by all EU members together with Australia, Canada, Japan, the ROK, Mexico, Mongolia, New Zealand, Switzerland and the U.S. The EU recalled that UNGA 51/241 (1997) on Strengthening the UN System had encouraged UN specialized agencies to consider term limits and that all except the ILO had done so, as had OPCW and CTBTO. The EU called for timely consideration of term limits in view of the Director General election and advised that this issue should be dealt with as a self-standing item not tied to the Future of the Agency debate. The EU specified that instituting DG term limits did not require amendment of the Statute and could be accomplished via a Board resolution, and asked the Secretariat to prepare a non-paper setting out possible procedural mechanisms. The U.S., Canada, Australia and the ROK delivered similar statements and further endorsed term limits as good management practice. The U.S. and Australia also noted that term limits allow for broader geographic representation. Australia stipulated that the consideration of term limits would not affect the current DG election, as both candidates had said they would not seek a third term. The U.S. recommended Board and GC approval of term limits upon the appointment of the next DG. Canada noted that it was important for the next DG to be held to two terms and used the opportunity to officially announce its support for

Amano.

¶14. (SBU) Argentina on behalf of the G-77 delivered a non-committal statement noting that the group was not in a

position to engage in a substantive discussion due to late distribution of the memorandum requesting an agenda item on term limits. The G-77 advised that the legal and Statutory aspects of the issue had to be examined and that a decision on this issue should be kept separate from the DG election process; the NAM echoed this view. The NAM statement, delivered by Cuba, paid lip service to strengthening the UN system but insisted that DG term limits be dealt with in a more comprehensive context along with other aspects of the UNGA resolution. The NAM recommended that these issues be considered as part of the Future of the Agency discussion and by the General Conference, as they were of interest to the entire membership. National statements by the NAM troika, Cuba, Egypt and Malaysia enumerated other management issues including geographic distribution and gender balance, no monopoly on senior posts and term limits for all senior management. At our encouragement, Saudi Arabia gave a more forward leaning statement calling on the Board to discuss all aspects in a comprehensive manner and to agree on a term limits mechanism. Saudi Arabia also noted that term limits allow for rotation among regional groups.

¶15. (C) Toward the end of the item, Russia made an unhelpful intervention in opposition to DG term limits. Russia argued that unlike other UN agencies, the IAEA was unique, technically specific, and had benefited from the accumulated experience of previous DGs having served successive terms of office. Under DG ElBaradei's skillful leadership the IAEA had become a highly respected authority recognized with the Nobel Prize, Russia observed. Experience could not be disregarded, and Russia saw no objective need to change the existing rules, quoting in English "Don't fix it if it is not broken." Russia claimed that term limits may require a long process of amending the Statute and that other procedures may not provide enough of a legal foundation to institute and sustain term limitation. Russia concluded that it would be best to "confine" the term limits discussion to the Future of the Agency, a point seconded by Brazil.

¶16. (C) Comment: The Russian Governor warned us ahead of time that he had received instructions along these lines. As a Geneva Group member, Russia has been a supporter of term limits in other IOs. Russian Msnoff confided that opposition to applying the concept at the IAEA was a "political decision" made in Moscow. According to the Governor, some in Moscow see term limits as critical of previous DGs and the present one.

¶17. (SBU) Comment contd.: Unlike Russia, the NAM does not take a principled position against DG term limits at the IAEA but by linking it to other management issues evidently wants something in exchange (e.g. geographic distribution) and/or would rather wait out the results of the current DG election cycle. Clearly, shunting term limits to Future of the Agency would be unproductive. Term limits could be discussed in the context of the April Program and Budget Committee's consideration of the "Terms and Conditions of Appointment of the Director General" (GOV/2009/15), though this document is silent on the issue. The Secretariat's non-paper on procedural mechanisms will also help advance the debate. Mission will continue to promote DG term limits and build support for a Board/GC decision upon appointment of the next DG. End Comment.

¶18. (U) Begin text of U.S. statement on term limits:

Madame Chairwoman,

The upcoming elections for Director General signal a time of transition for the IAEA. Transitions bring opportunities. We have the opportunity to enact term limits at the IAEA in a manner that is separate from specific candidates but advances our common interest in effective management and the application of best practices. The United States has supported term limits for directorships across the UN system as a matter of good management practice.

While the IAEA is technically not a United Nations agency, it



is a close affiliate that is part of the UN Common System and it shares similar standards of performance and accountability. UN General Assembly resolution 51/241, enacted more than a decade ago, called for the establishment of a four-year uniform term of office that would be renewable once for executive heads of subsidiary agencies. The resolution encouraged specialized agencies to also consider term limits.

Term limits are important. The overwhelming majority of UN organizations have implemented term limits, as have international organizations, including here in Vienna, with a mandate similar to that of the IAEA. The following international organizations have instituted term limits: the Comprehensive Test Ban Treaty Organization, the Food and Agriculture Organization, International Civil Aviation Organization, the International Fund for Agriculture Development, the International Maritime Organization, the International Telecommunications Union, the Organization for the Prohibition of Chemical Weapons, the Pan American Health Organization, the UN Education, Scientific, and Cultural Organization, the United Nations Industrial Development Organization, here in Vienna, the Universal Postal Union, the World Intellectual Property Organization, the World Health Organization, the World Meteorological Organization, the World Trade Organization. Even the United Nations Secretary-General informally adheres to a two-term limit.

The IAEA is one of two remaining UN-affiliated international organizations that have yet to establish term limits. Despite a succession of highly capable Director Generals, for which we have been fortunate, the IAEA still needs to implement this practice. Term limits would also help ensure the potential for all regional groups to be represented in the IAEA leadership.

We regard term limits for the Director General as an important enough issue to be considered on its own merits, even as we promote other management best practices. Given the timely opportunity presented by the DG election cycle, we would not suggest further deferral of the decision for the Future of the Agency discussions. A decision on term limits can be made separate to the ongoing election, as many have suggested, but in parallel.

Finally, Madam Chairwoman, I would note that the IAEA Statute is silent on term limits, so we should consider implementation of term limits by the Board and General Conference. Specifically, a short operational Board resolution could "recommend the General Conference approve a two-term limit for the Director General." The Board can adopt such a decision upon the June appointment of the next Director General.

Thank you.

End text of U.S. statement.

SCHULTE